PACIFIC NATIONAL EXHIBITION

PLANNING COMMITTEE REPORT

JANUARY 4, 1989

GIM

I N D E X

Tab No.	Description
1	Summary of Report
2	Report of Strategic Planning Committee
3	Stevenson Kellogg Report on Trade and Consumer Show Industry in B.C., November 10, 1988
4	PNE Position Paper, pps 16-23, January 20, 1988
5	PNE Position Paper, pps 24-27, January 20, 1988
6	PNE Position Paper, pps 28-32, January 20, 1988
7	York-Hannover letter to PNE, December 16, 1988
8	Brief from the British Columbia Jockey Club, August 28, 1987

January 4, 1989

RECOMMENDATIONS OF STRATEGIC PLANNING COMMITTEE
SUMMARY OF REPORT

The Strategic Planning Committee makes the following recommendations to the Board of Directors:

1. **Pacific National Trade Centre**

   The Committee recommends that a 450,000 square foot Exhibition complex to be named the Pacific National Trade Centre be constructed at Exhibition Park at an estimated cost of $60 million.

2. **Family Fun Park**

   The Committee recommends that PNE management be directed to prepare a proposal for the development of a 40-acre site at the east side of Exhibition Park for a Family Fun Park subject to approval by the Board of the detailed plans for the proposed Park.

3. **Racetrack**

   The Committee recommends that the Board confirm its support for the present location of the Racetrack and for the construction in the future of a one mile track at Exhibition Park if a one mile track is considered to be economically viable.

4. **Expo Theatre**

   The Committee recommends that the Board approve the preparation of a feasibility report with respect to the relocation of the Expo Theatre to Exhibition Park.

5. **Petro-Canada Theatre**

   The Committee recommends that the Board authorize further negotiations with Petro-Canada in connection with the establishment by Petro-Canada of a major stage at Exhibition Park together with the sponsorship of entertainment at Exhibition Park.

6. **New Lease with the City of Vancouver**

   The Committee recommends that the Board urge the Provincial Government to make a clear statement concerning the future of the PNE so that the PNE may negotiate a new long term renewal of the Lease with the City of Vancouver.

STRATEGIC PLANNING COMMITTEE

REPORT TO BOARD OF DIRECTORS OF PACIFIC NATIONAL EXHIBITION
January 4, 1989

The Strategic Planning Committee has given careful consideration to the priorities of the PNE in its future development. It is the view of the Committee that the Position Paper of January 20, 1988 is an accurate overview of the operations and objectives of the PNE and identifies the major policy directions of the PNE in the future.

However, in the year since the adoption of the Position Paper by the PNE, there have been a number of new developments which have persuaded the Committee to recommend implementation of a number of major projects by the PNE.

For the reasons summarized in this Report, the Committee makes the following recommendations to the Board of Directors:

1. **Pacific National Trade Centre**

The trade and consumer show business in British Columbia has continued to expand at an impressive rate. There is an obvious need in the market for new trade and consumer show facilities in British Columbia. The economic benefits to the community in which a trade and consumer show facility is located are substantial. Edmonton Northlands operates a 450,000 square foot trade and consumer show facility which has succeeded in attracting a greatly increased

number of shows to Edmonton. The Stevenson Kellogg Report (Tab 3) estimates that the economic impact generated by direct spending of non-local attendees and exhibitors for trade and consumer shows in the Vancouver area in 1988 was $152.3 million. The Stevenson Kellogg Report predicts that trade and consumer show income generated in the Vancouver area will rise to $249 million by 1997 creating 8,966 person-years of employment in this area by 1997. Tax revenue generated for the Federal and Provincial Governments is estimated at $67.5 million by 1997. In addition to the economic impact produced by non-local exhibitor and attendee spending there is the further benefit derived from expenditures by producers of shows. The Stevenson Kellogg Report states that the total impact of the trade and consumer show industry in the Vancouver area in 1988 was $322 million which is projected to rise to $526.7 million annually by 1997.

In order for British Columbia to participate in the expansion of the trade and consumer show business it is essential that a proper facility be established. British Columbia cannot attract some of the major trade and consumer shows from the Pacific Rim. Those shows are not able to come to British Columbia because facilities are not available. There was a major exhibition by China in 1983 which went to Edmonton Northlands because Edmonton had the required space in attractive facilities. British Columbia could not compete for the show. Similarly, a number of large national trade and consumer shows stop at the British Columbia border because of the lack of facilities in this Province. For example, the largest gift show in Western Canada is presented at

Edmonton Northlands even though the show would prefer to be in Vancouver. The reason is simply that facilities are not available in British Columbia.

The new Pacific National Trade Centre will provide the facilities necessary to permit British Columbia to participate in the expanding trade and consumer show business and provide significant economic benefits to the local community and to the Province. Further, and most importantly for the PNE, the new Pacific National Trade Centre will provide first class exhibition facilities both for the Annual Fair and for year round use for exhibitions.

The Trade and Convention Centre at Canada Place is a first class convention facility but it is not designed for most trade and consumer shows because of its limited square footage, difficulty of access and comparatively limited parking. The projections are that within five years the Convention Centre at Canada Place will be utilized primarily for conventions with minimal time available even for the small trade and consumer shows which may be prepared to go to that venue. Similarly, B.C. Place Stadium is not designed for trade and consumer shows and is not an appropriate facility to attract and encourage the continued expansion of the trade and consumer show business into British Columbia. Apart from the wrong design, the Stadium is simply too small for most shows.

Further, and of fundamental importance, is the necessity to provide first class exhibition facilities to the PNE for purposes of the Annual Fair and the furtherance of the objects of the PNE.

The PNE Board of Directors approved a policy in 1980 to focus on countries from the Pacific Rim for major presentations at the Annual Fair. The first such major exhibition was staged by the People's Republic of China in 1981 followed by the Government of the Philippines in 1982. Following a three year hiatus by reason of the fact that the countries concerned were fully involved in planning their pavilions for Expo 86 the PNE resumed its Pacific Rim involvement with the very successful exhibition by the People's Republic of China in 1988. Negotiations are underway with Indonesia, Thailand, Japan and other Pacific Rim countries for future involvement. The new Pacific National Trade Centre will provide an excellent facility for the expansion and development of the international involvement of the PNE and the Province. (Tab 4)

In order to fulfill these requirements, the Committee proposes that a new exhibition complex to be named the Pacific National Trade Centre be constructed at Exhibition Park. This would be a new 450,000 square foot complex to be built at an estimated cost of $60 million. The economic spin-off from the Pacific National Trade Centre would be in excess of $300 million per year after the facility is opened. During the two year construction period the project would produce income for Canadian residents in excess of $60 million as well as providing over 2,500 person-years of employment in Canada.

The PNE has a strong reputation for experienced and expert management in the handling of trade and consumer shows and is the ideal location for the new Pacific National Trade Centre. These facilities are intended to provide a complementary facility to Canada Place and B.C. Place.

The Pacific National Trade Centre would continue the role of the PNE in providing a focus in British Columbia for regional, national and international trade and consumer shows and exhibitions. The new Pacific National Trade Centre would also provide first class exhibition facilities for the Annual Fair so that the Annual Fair with its province-wide and international participation would have a proper home for continued growth in the future.

2. <u>Family Fun Park</u>

In January, 1988 the Board of Directors considered the possible development of a family fun park at the PNE. (Tab 5)

At that time the Board concluded that it made sense to have the family fun park located at the PNE since the transit links, access roads, parking and the other necessary infrastructure were in place and required no duplication. It was considered to be better policy to construct the facilities at the existing location rather than try to start a family fun park somewhere else. Further, the family fun park would draw an estimated 30% of the Fair time visitors to the family fun park. At Fair time alone that would provide 390,000 additional visitors to a

family fun park located at the PNE. This would be approximately 20% of the projected attendance for the family fun park. Further, it was the conclusion of the Board that the expansion of Playland to the status of a family fun park would not significantly alter the traffic, noise and parking situation which has been well accepted by the PNE neighbourhood, whereas any other community may view it as an unwelcome intrusion.

In January, 1988 no immediate decision was required about the prospect of development of a family fun park and it was pointed out in the Position Paper that a choice would have to made between the maintenance of Empire Stadium or the development of a family fun park. It now appears clear that the Empire Stadium project will not proceed. The area is therefore available for development.

The development of a family fun park at Exhibition Park will significantly enhance the operations of the PNE. The expansion of the current Playland Amusement Park to a full scale 40-acre Family Fun Park will provide an additional major draw during the Annual Exhibition and will be of benefit to both the PNE and the operator of the Family Fun Park. Further, during the non-Exhibition period, the attendance generated by the Family Fun Park will produce benefits for the PNE by increasing revenue from parking and concessions.

We should also point out that the location of a Family Fun Park in this area will provide significant economic benefit to the local area which would be

lost if the Family Fun Park were to locate on lands outside the City of Vancouver. It is our conclusion that the development of a Family Fun Park is a highly desirable use of the east side of Exhibition Park which will produce substantial benefits for the PNE and the community.

On December 16, 1988 York-Hannover notified the PNE that it is interested in expanding and upgrading Playland into a "full scale, high quality Family Fun Park". York-Hannover stated that it would like to pursue "the development of a high quality, regional scale Family Fun Park" which it believes will complement the activities of the PNE. York-Hannover is prepared to proceed on this project immediately. (Tab 7)

The current operations of York-Hannover at the PNE are carried out under a Lease between the PNE and "Playland" Amusement Park Ltd. which Lease expires on March 31, 1990. However, Playland has the right to renew the lease for a further term of six years commencing April 1, 1990 and terminating March 31, 1996. Playland has written to the PNE expressing its intention to renew the Lease for its present operation. The existing Lease with Playland with the probability of renewal is a factor which must be considered by the Board and by management of the PNE in formulating a proposal for the Family Fun Park.

The Committee recommends to the Board that PNE management be directed to prepare a proposal for the development of a 40-acre site at the east side of Exhibition Park for a Family Fun Park subject to approval by the Board of the detailed plans for the proposed Park.

3. **Racetrack**

The position of the PNE with respect to the Racetrack was summarized by the Board in 1988 as follows:

> "The Racetrack operated by the B.C. Jockey Club is vital to the operation of the PNE complex. The Racetrack has actually been located at the PNE grounds since 1892 with the present Racetrack established in 1935. The six months of racing are well accommodated by the PNE which provides a central location for racing activity with ample parking, stables, barns and ancillary facilities.
>
> The revenue received by the PNE from the operation of the Racetrack is critical to the presentation of the Annual Exhibition. Since the revenues from the Racetrack are reasonably predictable and the PNE is guaranteed a percentage of the gross, the PNE is able to use the projected revenues from the Racetrack operation to secure the necessary pre-Fair financing to present the Annual Exhibition.
>
> Again, the Racetrack benefits from its ideal location provided by the PNE and from the support facilities provided by the PNE and the PNE derives the much-needed revenue to support other activities of the PNE. The B.C. Jockey Club has indicated...that the Jockey Club wants to remain at the PNE and to construct an expansion to its track at the present site." (Tab 6)

Since the date of the PNE Position Paper the Horse Racing Industry Task Force submitted a report to the Solicitor General of British Columbia in July, 1988. One of the major conclusions of the Task Force was that Exhibition Park was an excellent location for the Track. The report stated that "none of the proposed sites were as conveniently located as Exhibition Park to the major population areas and the existing fan base". The Task Force further stated

that "the other major difficulty in devising an immediate solution is the enormous cost of a new facility and the financial burden that it would impose on an industry that is in a struggle to survive". The Task Force identified the main problems with the site at Exhibition Park as being the uncertainty with the lease arrangements with the City and the smaller area available for the expansion of the Racetrack.

The Committee recommends that the Board confirm its support for the Racetrack to continue to be located in its present position.

The Committee further recommends that the Board confirm its support for the construction of a one mile track if a one mile track is considered to be economically viable in the future. This development would provide underground parking located beneath the Racetrack in order to make better use of the available land. As noted by the Jockey Club in its brief to the Provincial Government:

> "In fact, the Jockey Club is now able to introduce a proposal for a one mile track together with extended public facilities and underground parking; the latter is extremely important in that underground parking frees up essential land for other purposes. ...We would like to make an observation which few will dispute, but is normally unacknowledged, and it is simply this. The Pacific National Exhibition grounds, with its commanding view of the North Shore mountains and harbour offers one of the truly outstanding sites, anywhere in the world, for a race track, and it is more conveniently situated for the greatest number of patrons and visitors than any alternative site". (Tab 8)

The Committee recommends that the Board confirm its endorsement of the proposals advanced by the PNE and the B.C. Jockey Club subject to satisfactory economic viability reports being obtained.

4. Expo Theatre

The PNE has been asked to look at the feasibility of moving the Expo Theatre from its present site to Exhibition Park. It is the view of PNE management that the Expo Theatre may provide an excellent mid-sized venue which could complement the existing facilities at Exhibition Park.

The Committee recommends that the Board approve the preparation of a feasibility report with respect to the relocation of the Expo Theatre to Exhibition Park.

5. Petro-Canada Theatre

Petro-Canada has made a significant sponsorship proposal to the PNE. Petro-Canada has proposed the construction of a major stage and has further proposed that it would sponsor entertainment at the PNE. Petro-Canada has indicated that a long term lease is necessary in order to proceed with this proposal.

The Committee recommends to the Board that further negotiations with Petro-Canada be authorized in connection with this proposal.

6. **New Lease with the City of Vancouver**

All of the above recommendations of the Committee and, indeed, the continued existence of the PNE, depend on the successful negotiation of a new long term lease between the PNE and the City of Vancouver. The need for a new lease is obvious and has been recognized by all who have considered the future of the PNE.

In October, 1987 the Horsey Report stated that "with just over six years left before the Lease expiry, there is no way for the PNE, its tenants, governments or others with an interest, to make any commitments to the future".

In July, 1988 the Horse Racing Industry Task Force stated that "the problem at Exhibition Park was compounded by ... the general confusion surrounding the future of the PNE lands". The Report further stated that the Jockey Club said "it was hamstrung by the uncertainty surrounding the future of the PNE's lands. It currently occupies the property at Exhibition Park under a Lease which expires on December 31, 1993 and until a renewal is in place and issues involving the availability of additional lands are resolved it cannot undertake significant improvements to the existing facilities". The Jockey Club made it clear in its own brief to the Provincial Government that its proposals to improve the Track and to expand to a one mile track were "subject ... to negotiating the necessary arrangements with the Pacific National Exhibition".

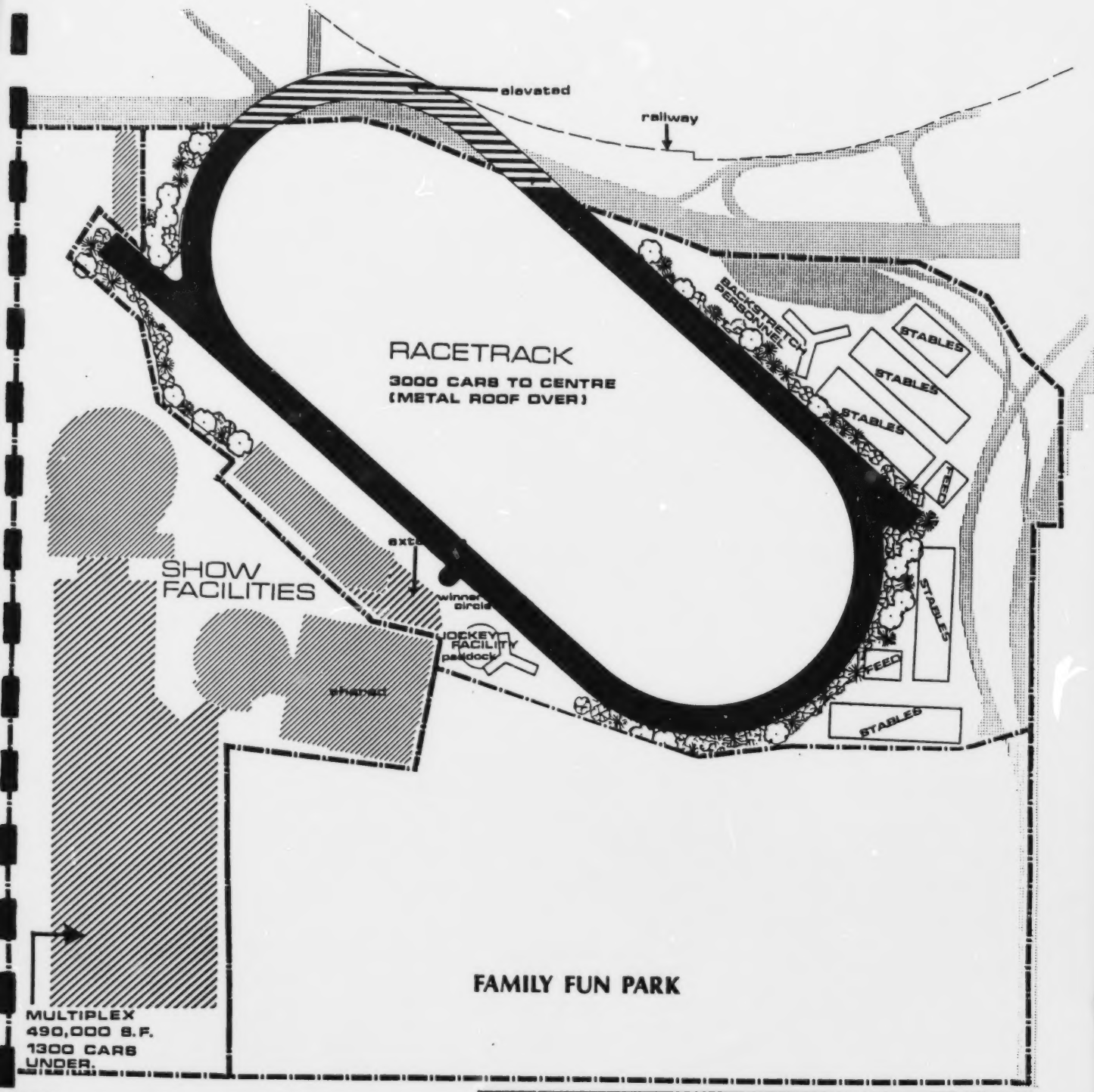
In making its proposal for the development of a Family Fun Park occupying 40 acres at Exhibition Park, York-Hannover stated that "the short lease-life remaining and the very uncertain future has made any major capital investment impossible to justify". York-Hannover further stated that in order for it to proceed "lease tenure must be long term to justify investment and secure financing".

The PNE's major tenants are prepared to proceed with significant and substantial improvements at Exhibition Park which will enhance the use and enjoyment of the Park for all British Columbians. These developments are not able to proceed since only five years remain on the Lease of the lands from the City of Vancouver. Further, the developments proposed by the Pacific National Exhibition are impossible to pursue without having a new long term lease in place. Without a new lease even such modest projects as the relocation of the Expo Theatre are not worth pursuing.

Despite the fact that this obvious problem has been pointed out for a number of years the matter has been allowed to drift. The PNE has now reached the point where the short time left on the Lease has reached a critical stage. It is virtually impossible for the major tenants of the PNE to obtain any financing for capital improvements to their operations and the PNE's own plans are jeopardized.

This Committee recommends that the Board urge the Provincial Government to make a clear statement concerning the future of the PNE so that the PNE may

negotiate a new long term renewal of the Lease with the City of Vancouver. This matter can be deferred no longer without seriously threatening the continued existence of the PNE.



KEY:

new road

existing building

new building

ray hunt, architect 305 - 3995 Quadra Street Victoria, B.C. V8X 1J8 Phone (604) 479-4314	Pacific National Exhibition project	scale 0 20 40 metres date 88.03.09 revision 'b' dwg no. A1

Stevenson Kellogg Ernst & Whinney
Management Consultants

Project Report

EXCERPT FROM THE REPORT ON

THE TRADE AND CONSUMER SHOW INDUSTRY IN BRITISH COLUMBIA

Prepared for

Western Association of Exposition Managers
and
B.C. Pavilion Corporation
Vancouver, B.C.

Prepared by

D.A. Hughes
B. Wills

November 10, 1988
4649/PR027/bb/kac/cmq

I

INTRODUCTION

A. PURPOSE OF THE ENGAGEMENT

The primary purpose of this engagement was to assess the market demand for a new trade and consumer show facility in Vancouver. The secondary purpose of the engagement was to measure the economic impact of the trade and consumer show industry in British Columbia. This study addresses the following issues:

- Present and potential market for trade exhibitions.
- The market demand for additional trade exhibition facilities in Vancouver.
- The type of facility needed to meet the market demand and to allow Vancouver to compete with its competitors.
- Key location factors for a new facility.
- The expected operating revenues and costs for a trade exhibition facility.
- The current economic impact of this industry and the likely additional benefits that would occur from a new exhibition facility.

We understand this report will be used to initiate the conceptual planning for a new trade and consumer show facility in Vancouver.

IX

ECONOMIC IMPACT

This chapter assesses the economic impacts generated in Vancouver by the trade and consumer show industry. Included is an examination of the current state of the industry, as well as the scenario that would be expected to exist due to the construction of an additional 300,000 square feet of exhibit space in the City of Vancouver. Direct expenditure, indirect and induced income and direct and indirect employment, as well as taxes generated are evaluated in this chapter.

The economic impact of direct sales resulting from trade and consumer shows have not been included. The benefit of these sales become spread across large geographic areas depending on the origin of the exhibitors. Research at specific shows in the United States demonstrates these impacts can be very large.

One example from a Trade Show Bureau report was the 1980 AMS Welding Show. Of the total attendees, 69% were expecting to make a purchase because of the show. The average purchase made by a user was $31,000 and the average purchase by a manufacturer or distributor was $725,000.

A. METHODOLOGY FOR ASSESSING IMPACTS

The economic benefits generated by the trade and consumer show industry in Vancouver are the product of these sources:

- Expenditures by producers in the production, promotion and operation of their shows. The producer expenses represent the best measure of the total direct spending of the industry.
- Off-site expenditures made by exhibitors and attendees who have travelled from outside of Vancouver to attend shows at the facilities.
- One-time construction investment-related impacts.

The economic impacts stated in this report include the effects of direct and indirect spending. Statistics Canada input-output co-efficients provide the basis of the multipliers used to derive the estimated indirect economic impacts.

B. CURRENT DIRECT EXPENDITURES

1. Producer expenditures

Currently in Vancouver, $21,861,000 is expended by producers in the production, operation and promotion of the 85 consumer and trade shows and conventions with expositions. This expenditure includes:

- **Show promotional expenses** -- these expenditures include advertising, promotion, printing, pre-show receptions, postage, etc.
- **Facilities rental expenditure.**
- **Facilities services expenditure** -- includes staffing, security, electrical and lighting materials, handling and cleaning, etc.
- **Show services** -- includes carpet rental, signage, booth drapes, decor, etc.
- **Producer expenses** -- including overhead and staffing.

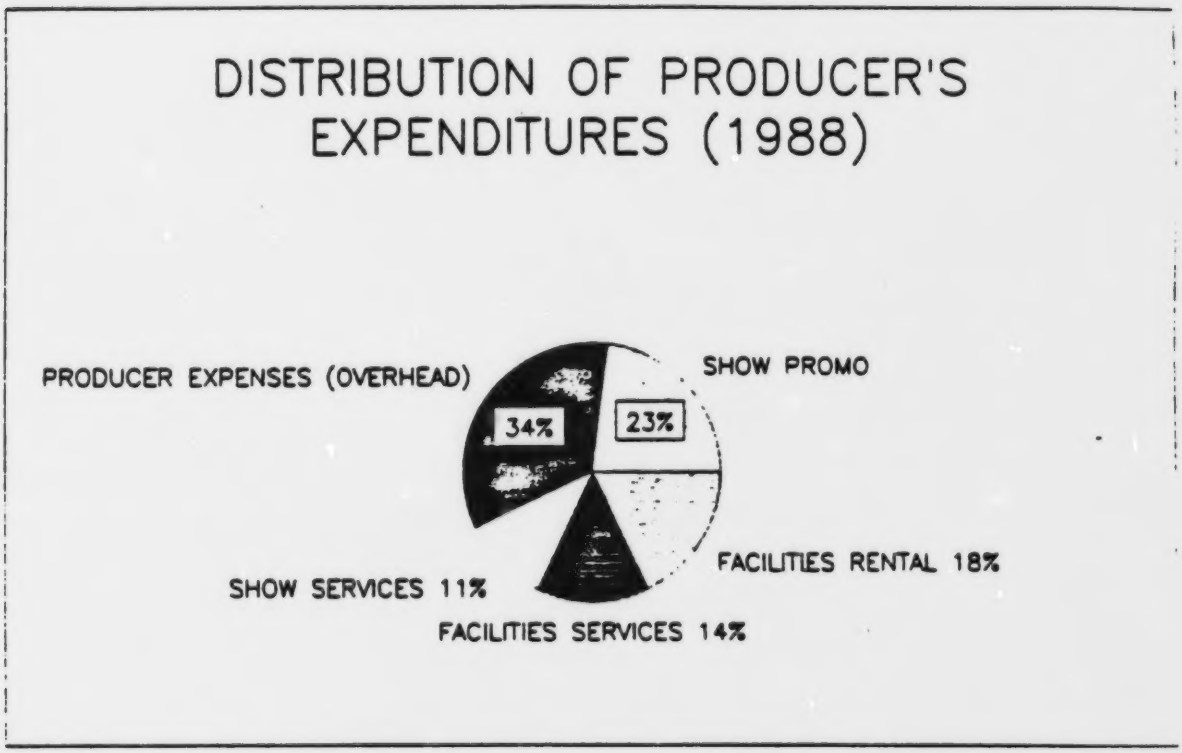
The total current expenditures on each of these items by each of the three show types is found in Exhibit IX-1. The distribution of expenditure on each of these items is illustrated in Exhibit IX-2.

These estimates were derived through the examination of expenditures made in each of the above categories by a representative sample of the industry in Vancouver.

EXHIBIT IX-1
Current producer expenditures, 1988

Type of expenditure	$ expenditure	Per cent of total
Show promotion	5,027,000	23
Facilities rental	3,935,000	18
Facilities services	3,061,000	14
Show services	2,405,000	11
Producer expenses	7,433,000	34
TOTAL	21,861,000	100

EXHIBIT IX-2
Distribution of producer's expenditures



2. Non-local exhibitor and attendee expenditures

In addition to the direct expenditures expended at shows are the funds spent by non-local exhibitors and attendees in the community.

The existing current expenditure made by non-local exhibitors and attendees is estimated at $115,794,000. This total expenditure figure consists of spending in the following sectors:

- local transportation
- accommodation
- food and beverage
- recreation and entertainment
- retail and other
- show admission.

A number of assumptions govern this estimate:

- Non-local attendees and exhibitors are defined as those travelling from outside a 50-mile radius of Vancouver.
- Trade shows were assumed to have 40% non-local attendance, consumer shows 10% non-local attendance and conventions with exhibitors 70%.
- The non-local attendee or exhibitor was assumed to spend $157.89 per day on the various items mentioned above. This daily expenditure figure is derived from a 1986 International Association of Convention & Visitor Bureaus study. This expenditure figure however, is expressed in terms of March 1988 dollars through the use of the Travel Price Index.

Exhibitor expenditure was calculated over the set-up period, operation of the show and take-down period, whereas expenditure for attendees was considered only over the period where the show was actually open.

The manner in which this total expenditure in Vancouver is currently distributed by type of show appears below in Exhibit IX-3.

EXHIBIT IX-3
Total expenditures of non-local attendees and exhibitors by type of show, 1988

Show type	$ expenditure	Per cent of total
Consumer	68,373,000	59
Trade	49,909,000	35
Conventions with exhibits	6,512,000	6
TOTAL	115,794,000	100

This total current expenditure can also be distributed by industry sector based on the typical spending patterns of conventions and trade show exhibitors and attendees. The distribution appears below as Exhibit IX-4.

EXHIBIT IX-4
Distribution of total current attendee and exhibitor expenditure by industry sector

Sector	$ expenditure	Per cent of total
Local transportation	5,411,000	4.7
Accommodation/food	83,414,000	72.0
Admission[1]	3,072,000	2.7
Amusement/recreation	6,651,000	5.7
Retail and other	17,246,000	14.9
TOTAL	115,794,000	100.0

[1]Includes admission charges for local attendees.

C. FUTURE DIRECT EXPENDITURES

1. Producer expenditures

The future expenditures of producers is based on the anticipated growth of shows. The results of these calculations are shown on Exhibit IX-5. Producer expenditures are expected to grow 62% by 1997 from 1988 levels.

EXHIBIT IX-5
Future direct expenditures — producers

	1988	1993	1997
Producer expenditures	$21,861,000	$28,188,000	$35,437,000

2. Non-local exhibitor and attendee expenditures

The future expenditures of non-local exhibitors and attendees is based on the size of shows and growth in attendee levels. The results of these calculations are shown on Exhibit IX-6. Non-local exhibitor and attendee expenditures are expected to grow 63% by 1997 from 1988 levels.

EXHIBIT IX-6
Future direct expenditures — non-local exhibitors and attendees

	1988	1993	1997
Non-local exhibitors and attendees	$115,794,000	$150,519,000	$189,252,000

D. CURRENT AND FUTURE ECONOMIC IMPACT OF DIRECT EXPENDITURES

Direct expenditures made by both exhibitors and associations for the operation of shows, as well as expenditures made by attendees and exhibitors in restaurants, hotels, etc. generate further economic impacts for Vancouver. These impacts may be expressed in terms of employment person-years and other income generated (both direct and indirect) and tax dollars generated.

Exhibit IX-7 identifies the economic impact of the 1988 direct expenditures by non-local attendees and exhibitors in the Vancouver economy.

The $115.8 million of direct expenditures by non-local attendees and exhibitors generates $152.3 million of total income. Almost $73.7 million of this total income is in the form of employment income.

With respect to employment, this direct expenditure by non-local exhibitors and attendees generated 5,486 person-years of employment. The exhibit identifies direct and indirect person-years generated by each sector.

Exhibit IX-8 identifies the economic impact in 1997.

EXHIBIT IX-7
Economic impact generated by direct spending of non-local attendees and exhibitors, 1988

Type of impact	Sectors: Trans-port	Retail	Amuse./ Recr.	Accom./ Food	Adm.	Total
Direct tourism expenditures ($ millions)	$5.4	$17.2	$6.7	$83.4	$ 3.1	$115.8
Employment						
Number of direct person-years	44	482	84	2,264	64	2,938
Number of direct and indirect person-years	162	901	227	4,076	120	5,486
Income ($ millions)						
Employment	3.9	14.2	3.7	50.0	1.9	73.7
All other	3.7	12.4	5.6	54.2	2.7	78.6
Total	7.6	26.6	9.3	104.2	4.6	152.3
Total federal taxes generated ($ millions)						21.0
Total provincial taxes generated ($ millions)						16.0
Total municipal taxes generated ($ millions)						4.3
TOTAL						41.3

By 1997, as seen in Exhibit IX-8, total income generated would rise to $249 million, generated by $189.2 million of direct spending. Total person-years generated would rise to 8,966 and total municipal taxes generated would increase to $7.1 million. When provincial and federal taxes are considered, tax revenue generated would total $67.5 million.

Exhibit IX-9 reveals that current expenditures on operating and promoting existing shows generates a significant economic impact, creating $21.9 million of income, 1,712 person-years of employment and $824,000 of municipal tax for Vancouver.

Exhibit IX-9 demonstrates by 1997, direct expenditures will grow to $35.4 million, employment will grow to 2,774 person-years and municipal taxes will rise to $1,336,000.

EXHIBIT IX-8
Projected economic impact generated by direct spending of non-local attendees and exhibitors, 1997

Type of impact	Sectors					
	Trans-port	Retail	Amuse./ Recr.	Accom./ Food	Adm.	Total
Direct tourism expenditures ($ millions)	$8.9	$28.2	$10.9	$136.3	$5.0	$189.3
Employment						
Number of direct person-years	71	787	138	3,701	105	4,802
Number of direct and indirect person-years	265	1,472	371	6,661	197	8,966
Income ($ millions)						
Employment	6.4	23.1	6.1	81.8	3.1	120.5
All other	6.0	20.3	9.1	88.6	4.5	128.5
Total	12.4	43.4	15.2	170.4	7.6	249.0
Total federal taxes generated ($ millions)						34.3
Total provincial taxes generated ($ millions)						26.1
Total municipal taxes generated ($ millions)						7.1
TOTAL						67.5

EXHIBIT IX-9
Economic impact of direct expenditures of exhibitors and associations in producing, operating and promoting their shows, 1988 and 1997

	1988	1997
Direct expenditure	$21,861,000	$35,437,000
Income		
Employment	$13,431,000	$21,773,000
Business and other	19,360,000	31,383,000
	$32,791,000	$53,156,000
Employment (person-years)		
Direct	458	741
Indirect	398	646
Induced	856	1,387
	1,712	2,774
Taxes generated		
Federal	$ 3,966,000	$ 6,430,000
Provincial	3,013,000	4,885,000
Municipal	824,000	1,336,000
	$ 7,803,000	$12,651,000

E. CONSTRUCTION-RELATED IMPACTS

So far we have examined the direct expenditures of non-local attendees and exhibitors in Vancouver's local economy, as well as the economic impact related to them. Further, we have examined current and anticipated economic impacts related to expenditures made by associations and exhibitors in the promotion and operation of their shows.

The last set of impacts on benefits that will be assessed are those produced by the one-time investment related to the construction of the new facility. While the previous two types of impacts will recur year after year (as long as shows continue to be held in the city), construction investment-related impacts are one time only. These impacts are outlined in Exhibit IX-10.

EXHIBIT IX-10
Construction-related economic benefits of construction of 300,000 square feet of exhibit space

Direct investment	$ 61,500,000
Direct labour income (B.C.)	22,755,000
Indirect and induced labour income (B.C.)	20,295,000
Total labour income (B.C.)	43,050,000
Income generated in other provinces	17,835,000
Total income (Canada)	$ 60,885,000
Direct person-years of employment	514
Indirect and induced person-years	770
Total person-years (B.C.)	1,284
Other provinces	1,241
Total person-years (Canada)	2,525

F. SUMMARY OF ECONOMIC IMPACTS

On Exhibit IX-11 a summary of all economic impacts have been provided to understand the total impact of the trade and consumer show industry. The total impact rises from $322 million in 1988 to $526.7 million in 1997.

EXHIBIT IX-11
Summary of economic impacts

	$ millions 1988	1997
Producer expenditure	$ 21.9	$ 35.4
Direct	32.8	53.2
	54.7	88.6
Non-local exhibitor and attendee spending		
Direct	115.8	189.3
Indirect	152.3	249.0
	268.1	438.3
TOTAL	$322.8	$526.9

TRADE AND CONSUMER SHOWS

Through its 80 year history, the PNE has been established as the expert in British Columbia at the handling of trade and consumer shows and the management of a major exhibition complex including the annual fair. Because of its expertise and long experience in this area, the PNE was able to weather the loss of the B.C. Lions and the Vancouver Whitecaps. The B.C. Lions and the Whitecaps were simply moved out on relatively short notice with no compensation to the PNE but the PNE had the depth to carry on without government aid. In a similar fashion, the PNE has the depth and stability to withstand the effects of reduced revenue from an annual fair (e.g. rain or Expo 86). It is the integration of the various aspects of the operations of the PNE that provide this underlying economic stability. It is difficult to see how a stand-alone stadium, as an example, could withstand today the loss of the B.C. Lions and still be able to operate without requiring government aid. The PNE is a large, successful and well-integrated sports, entertainment and exhibition complex. It is absurd that steps should be taken to dismantle it in a futile attempt to move some its revenue-producing operations to aid facilities that have virtually no track record or expertise in the trade and

consumer show business. It must be emphasized that the PNE retained a large share of the trade and consumer shows which it handled despite competition from new facilities. This is largely because of the expertise of the PNE in handling the trade and consumer shows. The PNE's excellent reputation kept the shows coming to its admittedly older facilities despite vigorous competition from new facilities in the Lower Mainland. The PNE has built up an experienced work-force to service the specific needs of various events and also an expert group of service functions such as parking control, concession operations, co-ordination of shows, security staff and all the support facilities necessary for the successful presentation of a trade and consumer show. As we have indicated, all of the major fairs in North America have developed in exactly the same way so that they, too, have become recognized experts in their community at presentation of trade and consumer shows. This is no accident. It is, in fact, the only way to build up a strong and viable organization that will guarantee the continued success of a major Annual Exhibition.

NEW BUILDINGS FOR THE PNE

In 1980 the PNE Board of Directors approved a policy to feature the presence of countries from the Pacific Rim in major presentations at the annual Fair. In line with this policy the PNE presented as its first such feature a major exhibition from the People's Republic of China in 1981. This very successful exhibition was followed by a presentation from the Government of the Phillipines in 1982. From 1983 to 1986 the Board deliberately postponed the Pacific Rim presentations since those countries were preparing for Expo 86 and the PNE did not wish to conflict with the preparations for Expo 86. In 1988 the PNE is resuming its policy and will be presenting a major exhibition by the People's Republic of China. Negotiations are presently under way for major exhibitions in 1989 and 1990 by Thailand and Japan.

In the future, the Pacific Rim Exhibits will be the focus of the PNE. The basic problem is that many of the PNE's facilities are reaching the age at which they will have to be replaced eventually in order to provide an attractive environment for the annual fair as well as for the year-round activities. At the time of replacement of the facilities, it will also be necessary to increase

available square footage since the present buildings at the PNE are not adequate to accommodate the current and anticipated requirements of the PNE. As an example, British Columbia is presently not getting some of the major trade and consumer shows from the Pacific Rim which should be here but are not since there is simply no exhibit space available in British Columbia which could accommodate such shows. There was a major exhibition by Thailand in 1987 which could have been produced in British Columbia. However, Thailand went to Edmonton Northlands because Edmonton had the required space in attractive facilities. In order to stop this trend and ensure that the PNE has the space available for the Annual Exhibition as well as for major Pacific Rim participation, it will be necessary for new facilities of adequate size to be constructed.

The largest gift show in Western Canada is now presented at Edmonton Northlands despite the show's preference to be in Vancouver. The reason is that Edmonton Northlands has adequate square footage in a building designed for trade and consumer shows. The buildings at the PNE are acceptable but they do not have adequate square footage. The Trade and Convention Centre is not big enough and B.C. Place Stadium is not an acceptable venue

for this type of trade and consumer show. Because of its cavernous interior, it is unsuitable for many types of large trade and consumer shows which rely on a series of small displays.

The age of the PNE facilities is not an immediate and pressing concern. The State Fair of Texas operates in buildings that were constructed for the 1936 World Fair and does very well. Despite comments by some observers to the contrary, the PNE buildings are not dilapidated. The buildings are well maintained and almost $15,000,000 in capital expenditures have been made to upgrade the buildings and maintain them in good condition (Tab 6). The major point is simply that a new and larger facility would expand the trade and consumer show business in British Columbia which is presently limited by the unavailability in the Province of facilities the size of Edmonton Northlands and designed specifically for trade and consumer shows. We do not wish to create the impression, however, that such new facilities are urgently required in the immediate future.

In each city in North America, the community funds the building of the exhibition structures. That is because it has been recognized over time that the facilities

provide massive economic benefits to the city or province where they are located. The fair can then afford to operate and maintain the buildings and put on an annual fair through the revenue generated in the non-fair period. It has never been expected in any community which has a major fair that the fair can itself generate the capital required for major new construction. However, the fairs are able to operate the facilities in the best possible way on a year-round basis.

There is one exception in North America which should be noted. The State Fair of Texas situated in Dallas is the largest annual fair in North America. Its history is that it developed in the same way as the PNE so that it presently operates all of the exhibition buildings on a year-round basis in order to provide the revenue necessary to produce the annual fair. The State Fair of Texas, however, is now entering into an experiment with the City of Dallas. Dallas is going to operate the facilities on a year-round basis with the State Fair of Texas concentrating on the annual fair and a new theme park which is being constructed on their grounds. We wish to emphasize that the State Fair of Texas has expressed serious reservations about whether the new arrangement will work since it will be deprived of significant revenue and the

City has no experience in handling buildings and businesses of this nature. We emphasize that this is being tried on an experimental basis and it is the only place in North America that it is being tried. There is a better chance that it would work in Dallas than in Vancouver, and the reason simply is the size of the state fair. The attendance at the state fair normally runs well over 3,000,000 and in 1986 was 3,900,000. In the fair industry, once attendance exceeds approximately 1,000,000 the increase in fixed costs is minimal and the increased attendance is virtually pure profit. When a fair gets to the size of the State Fair of Texas - and it is the only fair of its magnitude-the annual fair itself is able produce sufficient revenue to continue its operation. In addition, it will have the revenues of the new theme park. Even given that strong annual attendance, the State Fair of Texas is not sure that it will be able to continue without handling the facilities in the 48 non-fair weeks. We should also note that attendance at a successful fair is ultimately limited by the population of the area. The State Fair of Texas draws on a population base of approximately 3,500,000 people in the area and consistently achieves an attendance of about 3,500,000. The PNE draws on a population base in the area of approximately 1,200,000 and consistently draws an attendance of

approximately 1.3 million. The PNE appears to have maximized its attendance now that the annual attendance has reached a level which is roughly equal to the population base of the area. Of course, improvements can be made in attendance and additional attendance does contribute to the bottom line once the fixed costs have been met. But, given the limits of the population base and the changing demographics of the area, it is not realistic to assume that the PNE could increase attendance to the point that it could rely on revenue from the annual fair to maintain the annual fair.

THEME PARK

The PNE is the recognized leader in British Columbia as a venue for a wide variety of entertainment and sporting events, including the Racetrack, the Canucks, concerts and Playland. There is now considerable discussion underway regarding the construction in the Lower Mainland of a theme park. Not surprisingly, the PNE has been identified as a prime location for the possible construction of a theme park (subject to future decisions of the Board), since it would enable the theme park to be situated in a location where it would have a complementary relationship with the other major tenants and activities in Exhibition Park. In a similar manner to the present Playland operation, it simply makes good economic sense to create a facility such as a theme park in a location where the expertise exists to handle the ancillary support services and where the activities at the venue lend themselves to creation of a year-round market for the theme park as well as substantial infusion of revenue during the summer period and the annual fair.

The PNE has already indicated its willingness to cooperate in the provision of a major amateur sports facility - at considerable cost to the PNE - by the refurbishment and renovation of Empire Stadium. The City

of Vancouver has already approved $1,000,000 towards this project. A decision will have to be made about the future of the portion of Exhibition Park occupied by Empire Stadium but it appears that it will be an attractive choice. It is between the amateur sports facilities which the PNE and the City of Vancouver have pledged to support financially or a new theme park which can realistically be expected to bring a substantial increase in revenue to the Province and the City of Vancouver.

The question of whether to locate a theme park in Edmonton at Northlands or elsewhere in the community was studied in 1982. The following observation was made in the June, 1982 Technical Report for Edmonton Northlands at page 65. "No land costs are included in the capital requirements. If constructed at the proposed location (Northlands), no additional land would be required. If an alternate site were selected for the Theme Park, capital costs would be considerably higher because of the following reasons:

1. Lands costs for the theme part site;
2. Lands costs for a parking area;
3. Higher infrastructure costs."

"Substantial undeveloped acreage would be required at an alternate location, in the order of 75 acres. We assume that a rural site on the periphery of the city would most likely be chosen. Depending on the specific site and access to highway and services, land costs would be in the range of $12,500 - $25,000 per acre. In addition, an alternate location would require substantial servicing costs and costs for transportation infrastructure. It is not possible to estimate those costs without site specific information. However, a minimum of $20,000 per acre is expected to service the site, exclusive of any off-site transportation improvements. Total land and on-site servicing costs for an alternative site would be in the order of $2,400,000 - $3,400,000 in 1981 dollars". At page 68, the report states that "The proposed site offers the advantages of central location, excellent transportation, proximity of other Edmonton Northlands facilities, and proximity of the annual 10 day fair with spin-off attendance for the theme park. If the theme park were situated at a site without these tremendous locational advantages, utilization would be much lower. Firstly, there would be no pass-through visitors. Secondly, minimal incremental visitors attributable to the Klondike Days would be expected. Lastly, the loss of central location, accessability and public transit would reduce regular season participants by 10% to 25%."

These observations are equally applicable at the PNE. An estimated 30% of fair time visitors would attend a theme park on site. For fair time alone that would provide 390,000 additional visitors to a theme park at the PNE. In addition, a significant percentage of pass-through visitors would be provided throughout the year.

Whether the PNE ultimately proceeds with the redevelopment of Empire Stadium as a first class amateur sports facility or elects to provide the venue for a new theme park in British Columbia, the land in question would enhance the benefits of the PNE to the community. If a theme park were to be chosen, it is apparent that the community and the operators of the theme park would be well served by the Exhibition Park location and the direct tie-in to the present transit links, access roads, parking and existing infrastructure.

B.C. JOCKEY CLUB

The Racetrack is vital to the operation of the PNE complex. One of the first developments at the PNE was the construction of a racetrack by the B.C. Jockey Club in 1892. The present Racetrack was established at the PNE in 1935 and the Exhibition Park racetrack is now presently operated mid-April to mid-October. The six months of racing are well accommodated by the PNE which provides a central location for racing activity with ample parking, stables, barns and ancillary facilities provided by the PNE. The tie-in to the PNE in terms of attendance is apparent during the Annual Exhibition when arrangements are made with the Jockey Club to encourage attendance at both the Racetrack and the Annual Exhibition. The Racetrack also ties in to the PNE's proposal for the operation of a first-class quality casino at Exhibition Park which will be designed and promoted to fit well with the operations of the B.C. Jockey Club. The Laventhol & Horwath study estimates the total economic impact of the racetrack operation to be in excess of $208,000,000 annually. The portion of the revenue received by the PNE from the operation of the racetrack is critical to the presentation of the Annual Exhibition. Since the revenues from the Racetrack are reasonably predictable and the PNE

is guaranteed a percentage of the gross, the PNE is able to use the projected revenues from the Racetrack operation to secure the necessary financing to present the Annual Exhibition. The PNE, each year, pledges its proceeds from the Racetrack to the Bank in order to obtain the required financing. Without the ability to pledge its projected revenue from the Racetrack operations, the PNE would be unable to obtain the financing required to present the Annual Exhibition. In fact, if such revenues are not available to the PNE it would immediately require new outside funding of at least $1,500,000 or cause the cancellation of the Annual Exhibition as there simply is no other means to finance that event.

The key figure in racetrack operations is the wagers in the parimutual betting. The wagers in 1985 at the racetrack at the PNE were in excess of $145,000,000 and in 1987 were in excess of $140,000,000. When considering any matter related to proposed relocation of the Racetrack, the important consideration from the point of view of the economic viability of the any such move is the impact of the move on the anticipated wagers at the track. The wagers obviously relate directly to the number of patrons who can be expected to attend the races throughout the racing season. Edmonton Northlands undertook a study of the impact of moving the racetrack out of the Edmonton

Northlands complex. In looking at this proposal, the Northland report stated that "Edmonton Northlands provides thoroughbred and harness racing entertainment for the public at a centrally located facility on easy access transit routes." (Page 75) It further stated that "Parking requirements would be substantial at an alternate site. The existing site usually has adequate parking. The proximity of public transit reduces the number of cars travelling to the racetrack so a site outside of the developed city would not at first have the transit advantages of the present location. Consequently, more car ridership is expected. Substantial acreage would be required for parking lots." (Page 78) The report states that "Utilization of racing facilities can be measured by the average daily attendance figures. There are many factors which affect racing attendance and one of the most important is accessibility of the racetrack. At the present site, accessibility is excellent. The location is central; it is well served by public transit; and it is accessible from the arterial roads network." (Page 79) The report goes on a page 79 and 80 to predict that relocation of the racing facility to the periphery of the city would strongly impact the patrons who use public transit or who walk to get to the racetrack and that the longer travelling time together with inaccessibility would deter people

from attending the races and have a negative effect on racing attendance. The experience in Toronto and Winnipeg is set out a page 80 and in particular at page 80, it is noted that "Similarily, the Polo Park track in Winnipeg was closed in 1958 and replaced by Assiniboia Downs. The new race track is about 10 miles from the city centre. Attendance dropped 10% during the summer months and 25% in the colder months. Nearly 25 years later, Assiniboia Downs has never reached the attendance levels of the more centrally located Polo Park. If the existing racetrack was closed and a new racetrack was built on the periphery of the city, a similar drop in attendance is expected." At page 81 it is noted that "Expense for purses and parimutuel equipment rent (totalizator fees) is dependent upon wagering which varies with attendance. Reductions in wagering and in turn purses, are of particular significance to horse-owners; decreasing their revenue and reducing the quality of racing." Those observations are equally applicable to any proposal that the Racetrack be moved away from the PNE grounds.

We are attaching the brief presented on August 28, 1987 to the Honourable Grace McCarthy as Chairman of the Cabinet Committee on Economic Development (Tab 2). The B.C. Jockey Club makes it clear that it wants to remain at

the PNE and to construct an expansion to the track in the present location (p. 3-4). The PNE fully supports the position of the Jockey Club in this regard. The B.C. Jockey Club brief sounds the same warnings as the Northland study about construction of a new Racetrack at a different location.

In addition, the B.C. Jockey Club brief points out that thoroughbred and harness racing is not in good health throughout North America. The latest potential casualty in Canada is the Blue Bonnets track in Montreal which will close in January unless it receives millions of dollars towards its operations from the Quebec government (Tab 9). This is not the time to consider major new facilities at some other location.

YORK HANNOVER LEISURE PROPERTIES LTD.

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December 16, 1988

Mr. Russ Smith
General Manager
Pacific National Exhibition
P.N.E. Grounds
Exhibition Park
P.O. Box 69020
Vancouver, B.C.
V5K 4W3

Dear Russ:

As discussed during my last visit to Vancouver, I would like to confirm that York-Hannover is seriously interested in expanding and upgrading our current Playland Amusement Park into a full scale, high quality Family Fun Park.

As you are aware, Playland is a combination midway/ride park limited in size and suffering from an antiquated attraction mix. Although as a midway it may be the best in North America, as a family fun park it is clearly, highly deficient. Additionally, the short lease-life remaining and the very uncertain future has made any major capital investment impossible to justify.

York-Hannover would like to pursue the development of a high quality, regional scale Family Fun Park which we believe will meet the needs of the Vancouver market and compliment the annual activities of the PNE. In order for York-Hannover to undertake such a development we will require the following commitments from the PNE:

1) The leased site must be expanded to a minimum of 40 acres;

2) Lease tenure must be long term to justify investment and secure financing; and

3) As major family fun parks have traditionally proven not to be viable on high cost land we need assurance that the land would be available at a reasonable cost.

We see this development as not only critical to the future success of our current Playland operation but also as a viable project fulfilling a need in the Vancouver market. We are prepared to proceed on this project immediately and we require your assistance in achieving the commitments we require.

Should I be able to assist you in any manner please do not hesitate to call.

Yours very truly,

YORK-HANNOVER LEISURE PROPERTIES LTD.

Daniel P. Kramer
Senior Vice-President
and General Manager

DPK/cgp

A PRESENTATION

FROM THE BRITISH COLUMBIA JOCKEY CLUB

TO

THE HONOURABLE GRACE McCARTHY, M.L.A.,

CHAIRMAN OF THE CABINET COMMITTEE ON ECONOMIC DEVELOPMENT

CONCERNING A REVIEW OF THE THOUROUGHBRED RACING AND BREEDING INDUSTRY

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APPENDIX I

THE BRITISH COLUMBIA JOCKEY CLUB

The Past
The Present
The Future

ORGANIZATION CHART

B.C. TURF LTD.

Jack Diamond, O.C., Chairman
Charles Diamond, President
Dermot W.T. Strong, Exec. Vice President

ASCOT JOCKEY CLUB LTD.

William A. Randall, President
Robert M. Randall, Director
W. A. Randall Jr., Director

Mervin E. Peters, Director of Racing - General Manager

BRITISH COLUMBIA JOCKEY CLUB

THE PAST

The history of the British Columbia Jockey Club and its precursor organization extends over a span of forty years. In 1950, the B.C. Turf and Country Club was formed to take over the operations of Lansdowne Park in Richmond. Immediately prior to this, in the period from 1946 to 1948, the track had been operated by a consortium which included such well known participants as Bing Crosby, Pat O' Brien, and prominent local businessmen, Ronald Graham and Patrick Fraser.

Notwithstanding the resources and the optimism of the distinguished parties involved in the operation of Lansdowne Park, it was in dire financial straits when taken over in 1950. Between 1950 and 1961, the B.C. Turf and Country Club was successful in turning the operation into a solid and profitable enterprise (see following chart). Towards the end of this period, however, the Lansdowne facility began to experience increasing problems due in large measure to inadequate transportation links over the north arm of the Fraser River.

The British Columbia Jockey Club came into being in 1961 when the B.C. Turf and Country Club and the Ascot Jockey Club joined forces in an effort to deal with the almost insurmountable problems facing both track operators and horsemen in the province.

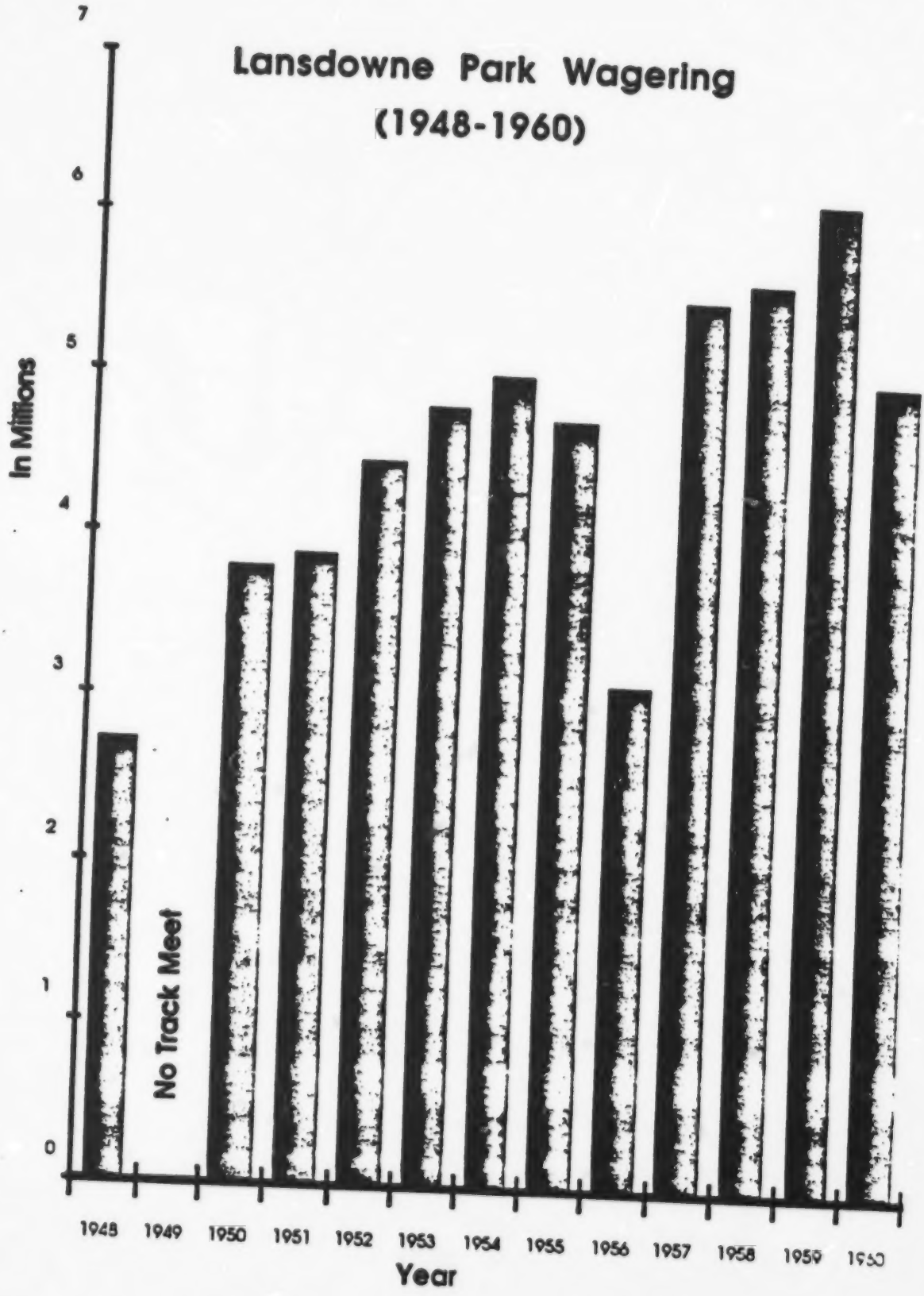
Both race tracks, Lansdowne Park which was located in Richmond, and Hastings Park, situated at the Pacific National Exhibition grounds, had been in operation for over 50 years, and the facilities were badly in need of costly renovation and rejuvenation without which, many horsemen felt thoroughbred racing might not survive.

In fact, one of those who most strongly supported the mergering of the two clubs and the concentration of their combined resources in developing Hastings Park was the then president of the Pacific National Exhibition during the 1960's, the late John Dunsmuir. It was his belief that Hastings Park with its potential for higher wagering, its superior physical position, and easier access for patrons made it the site of preference for the development of thoroughbred racing in the lower mainland. And indeed, the wise council and encouragement of that good and farsighted man have been borne out over the years.

The decision for the management and directors of Lansdowne Park to end operations there, was a difficult one. While they were fully committed to the future of racing at the track the realities and risk of the day were that it would take huge sums of current dollars to rebuild track facilities, and to do so without any commitment from the various levels of government to construct badly needed additional bridging over the north arm of the Fraser River so that the wagering public in a growing Vancouver and North Shore area could reach the track without long waits. Under the circumstances, it made little economic sense to those concerned.

II THE PRESENT

The move to Hastings Park (now Exhibition Park) in 1961 meant that the B.C. Turf Club and Ascot Jockey Club could pool resources and rebuild and renovate the facilities at a track that was within easy reach of the public. These are but some of the many measures taken over the intervening years to improve Exhibition Park and racing at it:


Lansdowne Park Wagering
(1948-1960)
In Millions
7
6
5
4
3
2
1
0
No Track Meet
1948
1949
1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
Year

i) the grandstand and other public facilities were totally rebuilt;
ii) the reconstruction of the racetrack surface;
iii) the paralleling of the stretches and an increase in the radius of turns to improve the racing surface and thus safety;
iv) the construction of four major barns;
v) the paving of those areas that were difficult and unsafe to transverse in heavy rains;
vi) the installation of sprinklers in all barns, and general purpose buildings;
vii) the installation of lights around the track surface permitting night racing;
viii) the early installation of the 'tote 300 cash-sell machines', the most modern and sophisticated wagering machines in North America. Now most major tracks use the system;
ix) the 1986 renovation of the track surface to provide the best possible conditions for horses. Two of the top performers at Exhibition Park had the following comments about the new track surface:

> George Cummings, leading trainer, Vancouver Sun June 6, 1987 ..."*I can't remember seeing the running surface better than it was Friday night at Exhibition Park....it was a kind track. One of the nicest I've ever seen...*"
>
> Chris Loseth, the tracks leading jockey for three straight years from 1983 to '85, Vancouver Province Aug. 16, 1987..."*One of the changes I noted on returning from my most recent absence was the improvement in the track surface....It's extremely fast...but it is even. If it stays like this we might see them break the old record next Saturday.*"

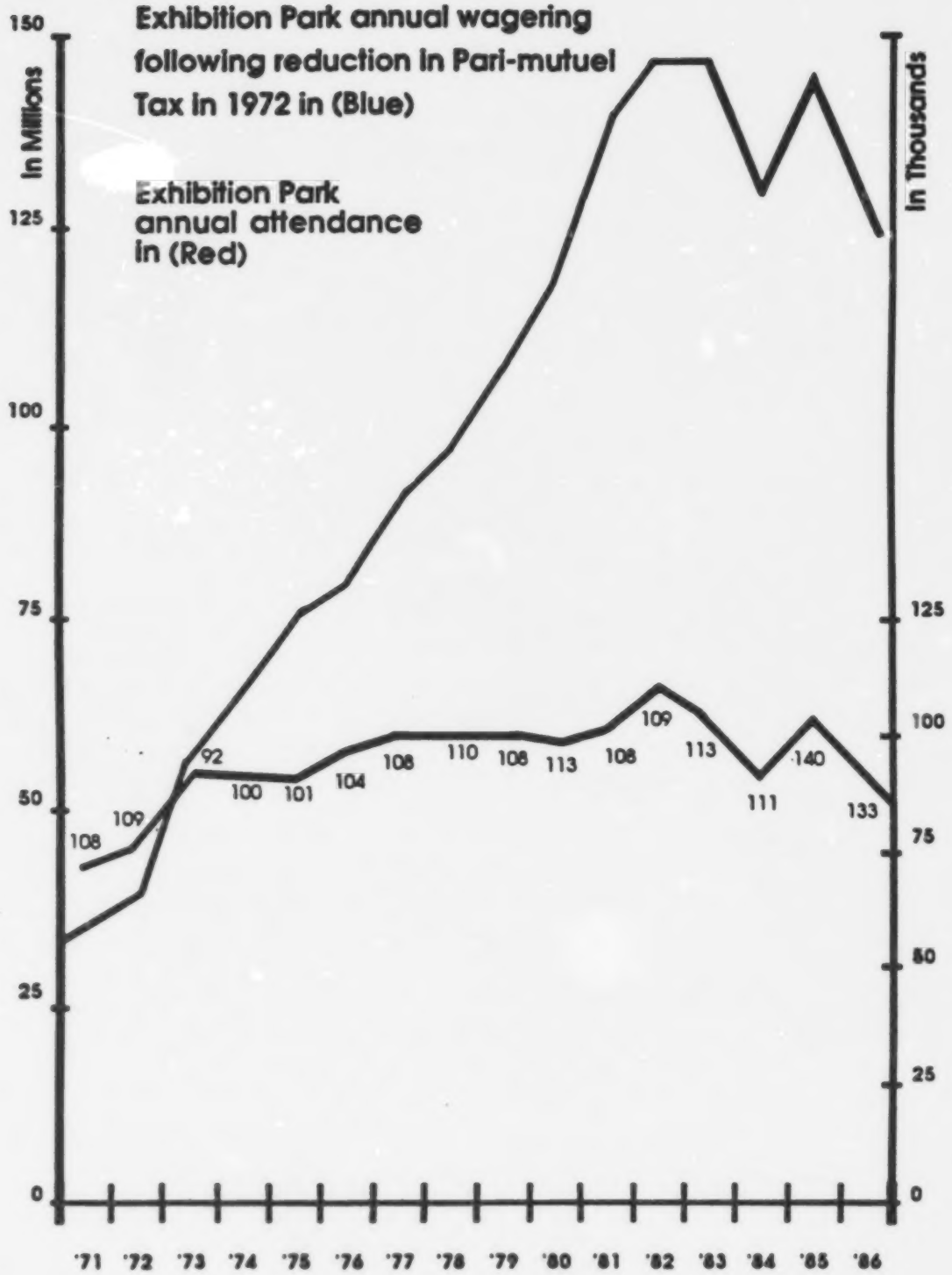
x) Petitioned the provincial government in 1971 to join with the BC Jockey Club and the HBPA to reduce the pari-mutuel take-out from a high of 21.6% to a level of 18.1%. This dramatic reduction in what was the highest level of taxation on pari-mutuel wagering "A" tracks in Canada, had a profound impact on the growth of wagering and attendance on thoroughbred racing in our province. (Please refer to the following chart.)

In 1977, the Jockey Club took the leadership in commissioning a study of the industry in conjunction with Horsemen's Benevolent and Protective Association and the Canadian Thoroughbred Horse Society (BC Division) which led to several submissions going to the provincial government identifying the problems, and offering a series of solutions to deal with them. From these proposals came the establishment of the Horse Racing Improvement Program in 1980.

The five years or so of work in the preparation of briefs and petitioning of the provincial government to set-up the 'incentive fund', required a great deal of time, resources and money on the part of the thoroughbred horse industry. We shall have more to say about the disappointing results of the Horse Racing Improvement Fund under Appendix III.

The British Columbia Jockey Club also has substantial direct economic impact upon the community, unfortunately, this aspect of its operations seldom receives acknowledgement.

For example, the club has 40 fulltime employees, in addition to 550 part-time employees and seasonal employees. The skills of the people involved in the smooth functioning of our operations range all the way from management to general labourers. Last Year, our payroll amounted to $4,600,000 , exclusive of the federal and provincial income tax paid by the club and its employees.


Exhibition Park annual wagering
following reduction in Pari-mutuel
Tax in 1972 in (Blue)
Exhibition Park
annual attendance
in (Red)
In Millions
In Thousands
150
125
100
75
50
25
0
125
100
75
50
25
0
108
109
92
100
101
104
108
110
108
113
108
109
113
111
140
133
'71
'72
'73
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'75
'76
'77
'78
'79
'80
'81
'82
'83
'84
'85
'86

Including the club's direct employees, there are a whole host of suppliers who provide goods and services ranging all the way from foodstuffs to pesticides. These companies and individuals received a further benefit in income from the club, much of which undoubtedly was recirculated within the province's economy.

In a 1987 economic study of the Pacific National Exhibition, the management consulting firm of Laventhol and Horwath estimated that the component parts, including Exhibition Park, had generated $18,000,000 in goods and services and a further $39,000,400 in purchases and payroll throughout the lower mainland.

We are also proud of the fact that our association with so many of our employees and suppliers goes back well over 30 years or longer.

Thus our presence in the community impacts upon the lives of many people who are not themselves breeders or owners, trainers or jockeys, and in an expanded facility, this group will grow well beyond its present dimensions.

THE FUTURE

Within the realities of its economic resources, and the fact that it is but a tenant of the Pacific National Exhibition, the British Columbia Jockey Club has always endeavoured to be forward looking in its activities. Part of this process has involved a careful monitoring of trends, developments and experiences in other racing jurisdictions, especially in Ontario and the United States.

It is precisely because of our monitoring of experience elsewhere that we have been able to avoid some of the costly errors which have occurred in the industry. Thus, for example, when we note what has happened to the expectations of certain tracks which have either expanded to a one-mile circumference, or built a new facility to that standard, we understand all the better why such a decision must be made calmly and only after the most exhaustive examination of all the factors which can bear on the success of the venture. This subject is dealt with in greater length under the heading, New Racetracks, Appendix III.

The British Columbia Jockey Club has long been actively pursuing the possible expansion of the race track's surface and facilities at Exhibition Park. In 1981, the Jockey Club retained engineers and consultants with expertise in the field of racetrack construction to assist them in the preparation of their presentation to the Hillman Committee, who were commissioned by the Provincial Government to examine existing facilities, programs, and the future role of the Pacific National Exhibition. The Hillman report was not published.

It should be noted that the Jockey Club made no recommendation to the Hillman Committee in 1981, respecting a one-mile track at Exhibition Park as the Pacific National Exhibition had indicated that it could not at that time commit sufficient land for this purpose.

Notwithstanding the preceding, the Jockey Club has continued over the intervening years to explore the enlargement of its existing track. In fact, the Jockey Club is now able to introduce a proposal for a one-mile track together with extended public facilities and underground parking; the latter is extremely important in that underground parking frees up essential land for other purposes. See Appendix II for architectural proposals.

The Jockey Club is committed to pursue this proposal provided the various participants will make available the necessary land and participate with the Jockey Club in developing a financial sharing program in order to retire the debt of such a venture. In this respect, it would be worthwhile to review the actions of the State of New Jersey when they reduced their portion of the pari-mutuel tax from 7% to 0.5% to provide incentives to encourage the construction of the Meadowlands race track and dazzling new Garden State.

This proposal is subject, of course, to negotiating the necessary arrangements with the Pacific National Exhibition, and to both levels of government concerned in finding a way to retire the construction costs in an equitable manner.

At this juncture, we believe there is an urgent need for either the Government or the Pacific National Exhibition to conduct its own appraisal of our proposal, or, indeed, launch a full and independent study to determine the scope and financial implication for a new thoroughbred racing facility at Exhibition Park that will see us well into the twenty-first century, which itself is less than thirteen years distant.

The following comment is taken from the text of a presentation entitled 'New Race Tracks, Projections, Performance and Perceptions', made by Eugene Christiansen to the American Horse Council's 1987 Conference at Washington, D.C., June 8, 1987:

> *" Sizing new racetracks is a critically important decision. Make them too small and you can always enlarge them if business warrants. Make them too large and too costly and you may not get the chance to develop a core fan base, no matter how nice your facility is."*

Finally, we would like to make an observation which few will dispute, but is normally unacknowledged, and it is simply this. The Pacific National Exhibition grounds, with its commanding view of the North Shore mountains and harbour offers one of the truly outstanding sites, anywhere in the world, for a race track, and it is more conveniently situated for the greatest number of patrons and visitors than any alternative site.